

3. Feed and Related Products

LOL shall provide and deliver all feed necessary to care for each Lot. The feed and related products source(s) and type(s) of feed and related products utilized shall be determined by LOL.

4. Animal Health Products and Veterinary Services

LOL shall provide all animal health products and approved veterinary services it deems necessary to care for each Lot. Producer shall administer all such health products to the pigs. Producer shall not provide or administer any additional animal health products or cause additional veterinary services to be administered without the prior approval of LOL.

5. Transportation

LOL shall provide all necessary transportation in the delivery and removal of each Lot to and from the Facilities. Risk of loss to the Lot during such transportation is with LOL.

6. Marketing

LOL will perform all purchasing and marketing functions involving each Lot. LOL shall have the sole authority and responsibility for any and all culling of the pigs.

7. Payment for Services

In consideration for performance hereunder, LOL shall pay Producer as follows:

A. Base payments: LOL will pay Producer base payments as follows:

The amount due to Producer will be computed and paid quarterly (every 3 months) according to an equal quarterly payment projected to provide a total annual base payment of \$81,000. These payments shall commence on the 15th day of the month following the quarterly anniversary of the completion of the Facilities hereunder, but not sooner than , 1997, and shall be made on the same day of each successive quarter for a total of 40 payments.

Facilities shall be considered complete upon inspection and approval by LOL that facilities are suitable for pig placement.

B. Incentive payments: In addition to the base payments, LOL will pay Producer incentives calculated and paid according to the following formula:

a) Feed Efficiency:

If Feed Efficiency (FE) for a Lot is less than 3.05 (2.87 if feed is pelleted) Producer will be paid a FE incentive based on the following formula:
$$(((3.05 - [FE]) \times \$0.025) + \$0.00375) \times [\text{pounds gained}]$$